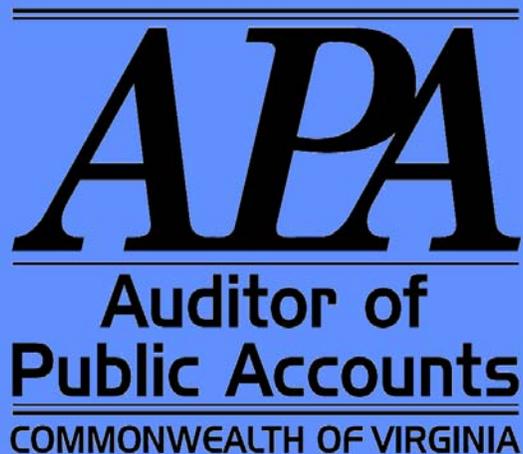


**STATE LOTTERY DEPARTMENT
MEGA MILLIONS**

**REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
APRIL 1, 2008 THROUGH MARCH 31, 2009**





Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

June 24, 2009

Members of the Virginia State Lottery Board
900 East Main Street
Richmond, Virginia

Independent Auditor's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Virginia Lottery Department and the other member lotteries in the states of California, Georgia, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Texas, and Washington (referred to as the "Member Lotteries"), which operate Mega Millions, solely to assist the Virginia Lottery and Member Lotteries with respect to the evaluation of the following financial information associated with Mega Millions: Virginia Lottery's sales and prize expense for the period April 1, 2008 through March 31, 2009, and the Virginia Lottery's receivable or payable as of March 31, 2009. Virginia Lottery is responsible for its records of the financial information associated with Mega Millions. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Virginia Lottery and Member Lotteries. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

- A. We obtained from the Virginia Lottery the "Draw Activity" and the "Fixed Prize Analysis" for the period April 1, 2008 through March 31, 2009, and attached those as Exhibit I and II, respectively. We verified the mathematical accuracy of the schedules.
- B. We randomly selected five Mega Millions drawings from the period April 1, 2008 through March 31, 2009, for testing as indicated in "C", "D", and "E" below.

April 11, 2008
June 13, 2008
September 23, 2008

December 05, 2008
March 27, 2009

- C. For each drawing selected in step “B” above, we compared the total amount of sales as shown on the daily sales report produced by the Virginia Lottery’s gaming system and the total amount of sales shown on the related daily sales report produced by the Internal Control System (ICS) with the balance listed in the “Sales” column for the respective week on the “Draw Activity” report attached as Exhibit I and found them to be in agreement.
- D. We calculated the total dollar amount of the fixed prizes for the drawings selected in step “B” above, based on the total number of winners from the Virginia Lottery’s gaming system for each prize level and the prize structure of Mega Millions’ fixed prizes (as defined in the official game rules). We compared the calculated expense with the amount listed in the “Actual Fixed Prizes” column for the respective drawing on the attached “Draw Activity” report and found them to be in agreement.
- E. For each drawing selected in step “B” above, we compared the amount of sales, actual fixed prizes, and share of fixed prizes shown on the “Draw Activity” report attached as Exhibit I to the amounts shown on the applicable Mega Millions Prize Settlement Reports and found them to be in agreement.
- F. For the period identified in step “B” above, we randomly selected two months and obtained the “Expired Prize Settlement Report” distributed by the Virginia Lottery. For the two months selected, we obtained from the Virginia Lottery ICS the actual fixed prizes awarded and the prizes unclaimed. We compared the ICS data back to the data reported from the Virginia Lottery for each draw of the subject months and found them to be in agreement.
- G. We compared the amount shown as the total of the actual fixed prizes and the total of the share of fixed prizes on the “Draw Activity” report to the applicable amounts shown on the “Fixed Prize Analysis” (Exhibit II) and found them to be in agreement.
- H. For each amount listed in the “Cost of Jackpot Prizes” column on the attached “Draw Activity” report, we compared the “cost of jackpot prize” amount to the Virginia Lottery’s cash disbursement subsidiary records, which summarize the funds disbursed to the prize winner and the broker from which the jackpot annuities were purchased and found them to be in agreement. This procedure was not performed this year because there were no jackpots.
- I. For each purchase (if any) of investments associated with jackpot prizes, we obtained:
 - 1) broker confirmations and noted that the investments were properly funded solely through the purchase of 100 percent United States Government STRIP Bonds;
 - 2) the bid sheets and supporting documentation and noted that the investments were purchased properly through a competitive bidding process involving a minimum of three primary brokerage firms; and

Members of the Virginia State Lottery Board
June 24, 2009

- 3) the Security Purchase report, which lists the results of the security purchase and verified that the information reported to the group, is accurate, including the annuity factor for the non-winning bidders.

- J. We compared the total of the quarterly transfers from the Virginia Lottery for settlement of the fixed prize liability as shown in the Virginia Lottery's cash disbursement subsidiary records to the amount listed in the "Transfers In (Out)" column on the "Fixed Prize Analysis" report attached as Exhibit II and found them to be in agreement.

- K. We compared the balance listed as the Virginia Lottery's receivable or payable as of March 31, 2009, for the fixed prizes as shown on the "Fixed Prize Analysis" report attached as Exhibit II to the Virginia Lottery's financial accounting records and to the Mega Millions Prize Settlement Report as of March 31, 2009, and found them to be in agreement.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the specified financial information associated with Mega Millions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Virginia Lottery and Member Lotteries specified above and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

LCW/clj

MEGA MILLIONS
 VIRGINIA LOTTERY DEPARTMENT
 DRAW ACTIVITY

Exhibit I

For the period April 1, 2008 through March 31, 2009

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized Jackpot Amount	Cost of Jackpot Prizes	Cash Amount
4/1/2008	\$ 2,352,678	\$ 517,692	\$ 408,635	\$ -	\$ -	\$ -
4/4/2008	1,242,951	145,018	182,912	-	-	-
4/8/2008	1,147,457	118,865	145,670	-	-	-
4/11/2008	1,284,330	164,157	222,208	-	-	-
4/15/2008	1,254,967	137,852	209,283	-	-	-
4/18/2008	1,380,490	150,600	243,866	-	-	-
4/22/2008	1,390,997	399,885	251,550	-	-	-
4/25/2008	1,581,353	153,442	221,673	-	-	-
4/29/2008	1,541,820	153,573	194,341	-	-	-
5/2/2008	2,136,790	473,952	344,362	-	-	-
5/6/2008	2,085,422	216,061	370,858	-	-	-
5/9/2008	2,454,042	784,430	525,654	-	-	-
5/13/2008	2,524,635	1,052,926	425,113	-	-	-
5/16/2008	3,349,209	870,405	663,253	-	-	-
5/20/2008	1,087,739	361,329	202,538	-	-	-
5/23/2008	1,216,774	246,211	311,474	-	-	-
5/27/2008	958,441	386,641	196,642	-	-	-
5/30/2008	1,177,396	106,543	134,063	-	-	-
6/3/2008	1,136,656	409,681	238,799	-	-	-
6/6/2008	1,261,538	380,440	206,070	-	-	-
6/10/2008	1,204,287	129,184	210,174	-	-	-
6/13/2008	1,413,735	170,366	201,938	-	-	-
6/17/2008	980,042	94,923	170,221	-	-	-
6/20/2008	1,093,105	159,590	187,268	-	-	-
6/24/2008	1,060,897	132,458	142,691	-	-	-
6/27/2008	1,197,408	138,384	214,856	-	-	-
7/1/2008	1,207,343	125,087	147,146	-	-	-
7/4/2008	1,229,019	784,601	435,074	-	-	-
7/8/2008	1,354,876	400,543	272,507	-	-	-
7/11/2008	1,570,798	398,141	261,077	-	-	-
7/15/2008	1,616,235	181,568	193,759	-	-	-
7/18/2008	2,048,322	465,737	406,550	-	-	-
7/22/2008	2,098,759	491,916	345,070	-	-	-
7/25/2008	1,107,978	117,377	168,613	-	-	-
7/29/2008	1,042,872	632,906	269,993	-	-	-

MEGA MILLIONS
 VIRGINIA LOTTERY DEPARTMENT
 DRAW ACTIVITY

Exhibit I

For the period April 1, 2008 through March 31, 2009

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized Jackpot Amount	Cost of Jackpot Prizes	Cash Amount
8/1/2008	1,220,925	138,807	243,556	-	-	-
8/5/2008	1,203,434	129,444	378,604	-	-	-
8/8/2008	1,395,269	163,998	377,985	-	-	-
8/12/2008	1,339,007	158,976	234,737	-	-	-
8/15/2008	1,525,565	188,350	281,588	-	-	-
8/19/2008	1,572,772	200,985	290,786	-	-	-
8/22/2008	1,863,005	183,399	261,439	-	-	-
8/26/2008	2,067,289	511,273	356,801	-	-	-
8/29/2008	2,403,072	516,374	376,481	-	-	-
9/2/2008	988,650	89,539	159,474	-	-	-
9/5/2008	1,173,376	156,200	235,814	-	-	-
9/9/2008	1,109,325	374,684	155,733	-	-	-
9/12/2008	1,072,067	369,000	182,325	-	-	-
9/16/2008	1,004,502	351,860	190,380	-	-	-
9/19/2008	1,044,709	91,932	169,228	-	-	-
9/23/2008	980,990	363,675	183,257	-	-	-
9/26/2008	1,128,993	141,355	193,253	-	-	-
9/30/2008	1,114,470	108,936	222,105	-	-	-
10/3/2008	1,289,883	389,416	241,849	-	-	-
10/7/2008	950,522	88,284	137,076	-	-	-
10/10/2008	1,079,072	134,348	138,070	-	-	-
10/14/2008	1,034,802	108,008	134,054	-	-	-
10/17/2008	1,187,526	141,605	248,773	-	-	-
10/21/2008	1,149,732	108,411	120,575	-	-	-
10/24/2008	999,362	93,413	191,882	-	-	-
10/28/2008	931,053	90,237	116,772	-	-	-
10/31/2008	1,070,673	162,123	171,103	-	-	-
11/4/2008	1,077,090	123,047	183,924	-	-	-
11/7/2008	1,213,301	167,222	224,897	-	-	-
11/11/2008	1,225,796	122,753	192,310	-	-	-
11/14/2008	1,457,969	187,825	216,907	-	-	-
11/18/2008	1,446,815	174,034	200,344	-	-	-
11/21/2008	1,662,351	168,844	300,532	-	-	-
11/25/2008	1,793,668	217,020	294,207	-	-	-
11/28/2008	2,019,331	216,349	299,192	-	-	-

MEGA MILLIONS
 VIRGINIA LOTTERY DEPARTMENT
 DRAW ACTIVITY

Exhibit I

For the period April 1, 2008 through March 31, 2009

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized Jackpot Amount	Cost of Jackpot Prizes	Cash Amount
12/2/2008	2,427,120	502,195	402,213	-	-	-
12/5/2008	2,771,487	292,293	394,904	-	-	-
12/9/2008	3,087,531	632,422	617,240	-	-	-
12/12/2008	4,219,178	754,318	849,382	-	-	-
12/16/2008	1,108,399	130,485	136,612	-	-	-
12/19/2008	1,201,695	138,169	252,130	-	-	-
12/23/2008	1,221,836	149,314	186,673	-	-	-
12/26/2008	1,176,937	145,782	258,543	-	-	-
12/30/2008	1,305,418	137,943	236,161	-	-	-
1/2/2009	1,316,172	155,385	206,024	-	-	-
1/6/2009	1,018,407	161,845	250,340	-	-	-
1/9/2009	1,127,331	133,014	207,146	-	-	-
1/13/2009	1,098,947	106,775	198,523	-	-	-
1/16/2009	1,031,315	110,067	172,659	-	-	-
1/20/2009	945,726	125,603	150,480	-	-	-
1/23/2009	1,155,784	196,842	347,839	-	-	-
1/27/2009	1,084,625	441,171	398,769	-	-	-
1/30/2009	1,296,704	145,345	293,740	-	-	-
2/3/2009	1,310,711	164,498	163,287	-	-	-
2/6/2009	1,482,172	216,644	304,163	-	-	-
2/10/2009	1,554,795	184,048	262,826	-	-	-
2/13/2009	1,822,590	196,813	264,894	-	-	-
2/17/2009	2,029,562	254,297	340,505	-	-	-
2/20/2009	2,378,828	761,842	396,114	-	-	-
2/24/2009	2,618,435	310,477	460,678	-	-	-
2/27/2009	3,314,164	582,149	641,273	-	-	-
3/3/2009	3,707,832	625,325	662,057	-	-	-
3/6/2009	1,212,352	387,015	187,257	-	-	-
3/10/2009	1,158,796	113,632	145,529	-	-	-
3/13/2009	1,358,874	157,579	209,917	-	-	-
3/17/2009	1,110,456	155,693	242,565	-	-	-
3/20/2009	1,224,126	405,303	206,788	-	-	-
3/24/2009	1,189,655	132,667	202,098	-	-	-
3/27/2009	1,348,087	409,212	277,489	-	-	-
3/31/2009	1,332,365	135,693	182,163	-	-	-
Total	\$ 157,336,139	\$ 28,236,065	\$ 27,940,895	\$ -	\$ -	\$ -

MEGA MILLIONS

Exhibit II

VIRGINIA LOTTERY DEPARTMENT

FIXED PRIZE ANALYSIS

For the period April 1, 2008 through March 31, 2009

	Balance as of April 1, 2008 Receivable/ (Payable)	Prior Year Settlement Adjustment	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In (Out)	Balance as of March 31, 2009 Receivable/ (Payable)
California	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Georgia	278,581	-	34,335,017	35,918,846	(1,824,648)	519,400
Illinois	(578,065)	-	32,932,053	35,744,709	(2,328,840)	(1,061,881)
Massachusetts	(106,792)	-	21,413,480	20,397,685	746,449	162,554
Maryland	(174,825)	-	22,882,070	21,703,327	578,338	425,580
Michigan	68,066	-	33,406,515	34,237,168	(1,054,533)	291,946
New Jersey	476,378	-	47,293,412	48,429,169	485,764	(1,145,143)
New York	(963,474)	-	83,493,481	83,125,659	(1,302,230)	706,578
Ohio	(147,031)	-	33,397,222	33,195,375	349,911	(295,095)
Texas	468,099	-	36,350,443	32,563,502	3,579,392	675,648
Virginia	872,258	-	28,236,065	27,940,895	1,124,144	43,284
Washington	(193,195)	-	9,944,683	10,428,106	(353,747)	(322,871)
Total	\$ -	\$ -	\$ 383,684,441	\$ 383,684,441	\$ -	\$ -